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No. 07-656

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IN THE
Supreme Court of the United States

CONVOLVE, INC. AND
MASSACHUSETTS INSTITUTE OF TECHNOLOGY,

Petitioners,

v.

SEAGATE TECHNOLOGY, LLC,

Respondent.

On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

In this case, which is ongoing in the district court, petitioners allege that respondent engaged in willful patent infringement and seek enhanced damages under Section 284 of the Patent Act. Respondent asserted an advice of *opinion* counsel defense to petitioners' allegation of willful infringement, and made opinion counsel available for discovery. When the district court compelled discovery of respondent's *trial* counsel, respondent sought mandamus relief from the Federal Circuit.

Sitting *en banc*, the Federal Circuit unanimously held that respondent's subject matter waiver of the attorney-client privilege and work product protection with respect to opinion counsel did not extend to trial counsel, absent unique circumstances. The Federal Circuit also re-considered its existing standard for proving willful patent infringement, and crafted a new standard that requires a patentee to prove, by clear and convincing evidence, that the defendant engaged in "objectively reckless" conduct.

Petitioners present three questions. Questions one and two are purely hypothetical, and petitioners misstate the third question. Properly formulated, the third question presented is:

Whether the Federal Circuit correctly determined that in the context of an advice of opinion counsel defense to a willful patent infringement claim, the subject matter of the resulting waiver of the attorney

client privilege and work product protection does not extend to trial counsel, absent unique circumstances.

RULE 29.6 STATEMENT

Respondent Seagate Technology, LLC ("Seagate") is a Delaware limited liability company, whose two members are Quinta Corporation ("Quinta"), a California Corporation (approximately 6%), and Seagate Technology (US) Holdings, Inc., a Delaware corporation (approximately 94%). Seagate Technology (US) Holdings owns 100% of Quinta and is a wholly-owned subsidiary of Seagate Technology HDD Holdings, Cayman Islands, which is a wholly-owned subsidiary of Seagate Technology, Cayman Islands (STX on NYSE).

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STATEMENT OF THE CASE

1. In cases where patent infringement is found, Section 284 of the Patent Act, 35 U.S.C. § 284, provides that a district court may award treble damages. As Section 284 is silent as to a standard for awarding enhanced damages, the Federal Circuit has long held that an award of enhanced damages requires a showing of willful infringement. Pet. App. 10a-11a. Faced with an allegation of willfulness, accused infringers commonly assert an advice of counsel defense. *Id.* at 12a. Typically, such a defense to willfulness is asserted when counsel opines that the asserted patent is invalid, unenforceable, and/or not infringed. *Id.* This petition for certiorari concerns an interlocutory discovery dispute arising out of the assertion of an advice of counsel defense to allegations of willful infringement in ongoing proceedings in the district court.

2. Petitioners Convolve, Inc., and Massachusetts Institute of Technology ("Convolve") sued respondent Seagate in the United States District Court for the Southern District of New York for, *inter alia*, patent infringement. Pet. App. 6a.[1] Convolve sought, among other relief, treble damages under Section

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[1] The Federal Circuit's opinion accurately and concisely summarizes the facts relevant to this petition. *See* Pet. App. 6a-8a. In contrast, Convolve's "Factual Background" is replete with misstatements and alleged "facts" that are not in the record below. It is not necessary to refute each of Convolve's mischaracterizations for purposes of this opposition, but Seagate in no way concedes the accuracy of Convolve's "Factual Background."

284 for Seagate's allegedly willful infringement of two patents, one of which has since been dropped from the suit. *Id.* Convolve later amended its complaint to add a third patent that issued during the pendency of the suit.

Seagate defended against Convolve's willfulness allegations by asserting that it relied on the advice of its outside opinion counsel, patent attorney Gerald Sekimura. Pet. App. 7a. Seagate based its advice-of-counsel defense on three formal, written opinions rendered by Mr. Sekimura regarding the infringement, validity, and enforceability of Convolve's patents. *Id.* at 6a-7a. Having relied on the advice of Mr. Sekimura that Convolve's patents are not infringed, invalid, and/or unenforceable, Seagate produced in discovery all of Mr. Sekimura's communications and work product relating to his opinions and made him available for deposition. *Id.* at 7a.

When Convolve propounded discovery aimed at Seagate's communications with its separate and distinct trial counsel regarding the issues addressed by Mr. Sekimura's opinions, Seagate objected. On Convolve's motion to compel discovery responses, the magistrate judge ruled that by invoking the advice of counsel defense, Seagate had waived attorney-client privilege for *all* communications with counsel—including trial counsel—regarding the dispositive patent issues in this case: infringement, validity, and enforceability of the asserted patents. Pet. App.

67a.[2] The magistrate judge's discovery orders[3] directed disclosure of trial counsel's advice on these subjects "even if ... communicated in the context of trial preparation," *id.*, and "until such time as Seagate's alleged infringement ends." *Id.* at 68a. Seagate's subsequent effort to obtain relief from the district court was unsuccessful. *Id.* at 50a.[4]

3. Seagate petitioned for mandamus to the Federal Circuit, which immediately stayed the discovery orders pending disposition of Seagate's mandamus petition. Thereafter, the Federal Circuit *sua sponte* ordered that Seagate's mandamus petition be heard by the *en banc* court, Pet. App. 47a, and requested briefing on the following questions:

> (1) Should a party's assertion of the advice of counsel defense to willful infringement extend waiver of the attorney-client privilege to communications with that party's trial counsel? *See In re EchoStar Commc'ns Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).

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[2] The magistrate judge held that the waiver did not extend to trial counsel's work product, unless that work product had been communicated to Seagate. Pet. App. 72a.

[3] There were four—not three, as Convolve asserts—discovery orders before the Federal Circuit that encompassed discovery of both trial counsel and in-house counsel communications.

[4] After the magistrate judge denied Seagate's request to stay the discovery orders pending appellate review, Convolve noticed depositions of Seagate's senior trial attorneys and of trial counsel's law firms, and served requests for production of all trial counsel communications relating to infringement, validity, and enforceability of the patents-in-suit.

> (2) What is the effect of any such waiver on work-product immunity?
>
> (3) Given the impact of the statutory duty of care standard announced in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in *Underwater Devices* and the duty of care standard itself?

Id. at 47a-48a.

3.a. After briefing on the questions posed by the court of appeals—including briefing by twenty-one *amici* in which the overwhelming majority either wholly or partially supported Seagate's position[5]—and oral argument, the *en banc* Federal Circuit granted the writ of mandamus in an unanimous

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[5] On the first two questions posed by the *en banc* court's briefing order—the issues for which Seagate sought mandamus relief—Seagate was supported by virtually the entire organized intellectual property bar, including the American Intellectual Property Law Association, the American Bar Association, the Biotechnology Industry Organization, the Federal Circuit Bar Association, the Electronic Frontier Foundation, the International Federation of Intellectual Property Attorneys, the Intellectual Property Owners Association, the Houston Intellectual Property Law Association, the Bar of the City of New York, the Philadelphia Intellectual Property Law Association, Pharmaceutical Research and Manufacturers of America, and the San Diego Intellectual Property Law Association.

opinion for the court written by Judge Mayer.[6] Pet. App. 1a.

As an initial matter,[7] the Federal Circuit's opinion addressed the third question on which the court had requested briefing: the duty of care standard for willful infringement set forth in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983).[8]

3.b. The Federal Circuit then outlined the boundaries of privilege and immunity waiver

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[6] Chief Judge Michel and Judge Moore did not participate in the decision.

[7] In their briefing in response to the *en banc* court's order, both Seagate and Convolve agreed that the third question posed by the Federal Circuit was unnecessary to resolve the first two questions. *See* Seagate C.A. Br. at 6; Convolve C.A. Opp. at 50. Nonetheless, Seagate argued that the Federal Circuit's first and second questions, concerning the proper scope of privilege and immunity waiver triggered by reliance on advice of counsel, assumed that the Federal Circuit's "duty of due care" standard raised in the third question was still a viable rule of law. Seagate C.A. Reply Br. at 23-25.

[8] On the basis that "willfulness" includes an element of recklessness, Pet. App. 15a, 16a, the *en banc* Federal Circuit overruled *Underwater Devices* because that case set "a lower threshold for willful infringement that is more akin to negligence." *Id.* at 16a. The court held proof of willful infringement permitting enhanced damages requires at least a showing of "objective recklessness." *Id.* The court found support in this Court's precedent, which has consistently held that the "standard civil usage" of "willful" requires reckless behavior. *Id.* at 15a, 16a, *citing*, *inter alia*, *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. __, 127 S. Ct. 2201 (2007). The court further stated that because it was abandoning *Underwater Devices*' "duty of due care," there is no affirmative obligation to obtain an opinion of counsel. *Id.*

resulting from the advice of counsel defense. Starting with the premise that the scope of waiver applies to communications on the same "*subject matter*" as the disclosed advice, Pet. App. 19a (emphasis added), the court cautioned that what actually constitutes "the same subject matter" does not lend itself to a "bright line test." *Id.* Instead, the contours of disclosure must be determined through a balancing analysis that considers "the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties." *Id.*

The court performed such a balancing analysis here. The court considered, on the one hand, the significantly different functions of trial counsel and opinion counsel, which do not present "the classic 'sword and shield' concerns typically mandating broad subject matter waiver." Pet. App. 20a. On the other hand, compelling interests underlying our legal system and, as articulated in this Court's jurisprudence, weighed against disclosure of trial counsel communications, lest "'the interests of the clients and the cause of justice would be poorly served.'" *Id.* at 21a (*quoting Hickman v. Taylor*, 329 U.S. 495, 511 (1947)). The benefits of extending waiver of privilege to trial counsel, the Federal Circuit further reasoned, are relatively insignificant, given that a claim for willful infringement asserted in an original complaint must necessarily be based on pre-litigation conduct and typically does not involve trial counsel. *Id.* at 22a, 23a. Any reckless conduct that post-dates the filing of suit, the court remarked, can generally be addressed through a

motion for a preliminary injunction, depending on the facts of each case. *Id.*

The Federal Circuit, therefore, held that "asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel." Pet. App. 23a. The court, however, fashioned its holding "as a general proposition" rather than an "absolute rule," *id.*, leaving discretion with the district courts to depart from this general rule in "unique circumstances," such "as if a party or counsel engages in chicanery." *Id.*

The court similarly outlined the contours of work product waiver upon asserting the advice of counsel defense. In accord with the protections placed by this Court on the work product of attorneys, the Federal Circuit—again as a "general proposition" and subject to Federal Rule of Civil Procedure 26(b)(3)—held that reliance on opinion counsel's work product does not waive immunity for the work product of trial counsel. Pet. App. 26a.

Granting mandamus, the Federal Circuit directed the district court to reconsider its discovery orders in view of the *en banc* opinion. Pet. App. 27a.[9]

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[9] Although Judges Gajarsa and Newman both joined the court's *en banc* opinion, *see* Pet. App. 5a, each wrote a separate concurrence, and Judge Newman joined Judge Gajarsa's concurrence. Judge Gajarsa wrote at length to explain his view that Section 284 does not require willfulness. *Id.* at 28a-43a. Judge Gajarsa nevertheless agreed that "willfulness remains a

Proceedings in the district court are ongoing, expect discovery is not yet complete, and no trial date has been set.

REASONS FOR DENYING THE WRIT

Convolve presents three questions for review. The first[10] and second[11] are purely hypothetical questions. Neither the district court nor the Federal Circuit considered the question of whether Seagate is guilty of willful infringement, much less whether Convolve is entitled to enhanced damages (of any form) pursuant to Section 284 of the Patent Act. Questions one and two are therefore not ripe for this

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relevant consideration under section 284," *id.* at 42a, and as Convolve alleges in this case that Seagate's infringement was willful, Convolve is obliged to demonstrate that Seagate's theory of noninfringement/invalidity was not only incorrect, but objectively reckless. *Id.*

Judge Newman wrote that she agreed with the *en banc* court that the voluntary waiver of the attorney-client privilege and work product protection as to patent opinion counsel is not a waiver of any privilege or protection as to trial counsel, and that *Underwater Devices* should be overruled. Pet. App. 44a.

[10] Convolve's first question: "whether Section 284 of the Patent Act, which confers discretion on district courts to 'increase the damages up to three times the amount found or assessed' for patent infringement, requires a finding of willful infringement, where the statute does not use the term 'willful', is not conditioned on culpable conduct or confined to exceptional cases, and is devoid of any standard for awarding increased damages."

[11] Convolve's second question: "whether Section 284 of the Patent Act, which confers discretion on district courts to award increased damages for patent infringement, is compatible with a categorical rule precluding an entire class of patentees from accruing increased damages based on the infringer's conduct occurring solely after litigation began."

Court's review, and are not germane to the issues raised by Seagate in its petition for writ of mandamus to the Federal Circuit. In addition, Convolve itself concedes that it has no standing to raise the second question.

Convolve's third question[12] misstates the analysis and holding of the Federal Circuit. The Federal Circuit's analysis addresses the question of *subject matter* waiver of attorney-client privilege and work product immunity protection. The doctrine of "*selective* waiver" addressed by Convolve has no applicability to this case. The Federal Circuit's holding also is not yet ripe for this Court's review, as it is an interlocutory order involving a discovery dispute in ongoing district court proceedings.

In sum, Convolve's petition for certiorari is nothing more than an attempt to have this Court compel discovery responses in an ongoing district court proceeding. As this Court ordinarily does not resolve interlocutory discovery disputes in the district courts, this Court should deny Convolve's petition.

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[12] Convolve's third question: "whether there should be a special rule in patent cases permitting selective waiver of attorney-client privilege and work-product protection by accused infringers who assert an advice-of-counsel defense to a charge of willful patent infringement."

I. CONVOLVE'S FIRST QUESTION WAS NEVER PRESENTED TO OR ADDRESSED BY THE COURT OF APPEALS, IS NOT RIPE FOR THIS COURT'S DECISION AT THIS INTERLOCUTORY STAGE, AND IS NOT NECESSARY FOR RESOLUTION OF SEAGATE'S MANDAMUS PETITION

Convolve's first question is whether Section 284 permits the imposition of enhanced damages in the absence of "willful" infringement. This question is unworthy of review at this time for several reasons.

a. Convolve did not present this issue to the *en banc* Federal Circuit, seeking to have that Court overturn its long-standing line of cases that Section 284 requires a finding of "willful" infringement to impose enhanced damages. Instead, Convolve noted that "[w]hile the Patent Act does not provide a standard for applying the enhanced damages, the standard imposed by this Court is willful infringement." Convolve C.A. Opp. at 53.[13]

Neither did the Federal Circuit hold that willful infringement was a prerequisite to enhanced damages. The court simply noted that "[a]bsent a statutory guide, we *have held* that an award of enhanced damages requires a showing of willful infringement." Pet. App. 10a-11a (emphasis added). The first question does not present a certworthy issue for this Court, because it was not pressed or passed upon below. *See U.S. v. Williams*, 504 U.S.

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[13] Thus, in bringing this action, Convolve alleged that Seagate's infringement was "willful." Pet. App. 6a.

36, 40 (1992) (traditional rule is that the Court will not grant certiorari "when the question presented was not pressed or passed upon below").

b. The first question presented also is not ripe for review at this interlocutory stage of the case. As the Federal Circuit acknowledged, neither willful infringement, nor any infringement at all, has been determined in this case. Given the absence of any judicial determination regarding Convolve's infringement allegations, the first question presented by the petition remains wholly hypothetical in nature and more appropriate for resolution by this Court, if at all, following final judgment in this matter.

There is no reason in this case to depart from this Court's general rule against reviewing interlocutory orders. *See Va. Military Inst. v. United States,* 508 U.S. 946 (1993) (opinion of Scalia, J., respecting the denial of the petition for a writ of certiorari). The Federal Circuit in this case granted a writ of mandamus and remanded the case instructing the district court to "reconsider its discovery orders in light of this opinion." The proceedings in the district court are ongoing. *Cf. Brotherhood of Locomotive Firemen v. Bangor & Aroostook R.R.*, 389 U.S. 327, 328 (1967) (per curiam) (denying certiorari "because the Court of Appeals remanded the case," making it "not yet ripe for review by this Court"). As this Court has stated, "many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters." *Am Contr. Co. v. Jacksonville, T. & K.W. Ry. Co.,* 148 U.S. 372,

384 (1893). A finding of no infringement in this case, for example, will eliminate the willfulness issue altogether. By contrast, if there were to be a finding of infringement but no willfulness, Convolve may seek review of the final judgment and, ultimately, file a new petition for a writ of certiorari based on that judgment. Convolve presents no reason for this Court to assert its certiorari jurisdiction at this intermediate stage of the proceedings.

c. Whether willfulness is required for enhanced damages under Section 284 is simply immaterial to the subject of Seagate's interlocutory mandamus petition, which concerns the scope of waiver resulting from Seagate's invocation of the advice of counsel defense to Convolve's allegation of willful infringement.[14]

d. In any event, the Federal Circuit's earlier decisions requiring willfulness to recover enhanced damages under Section 284 are not inconsistent with this Court's decisions. To request this Court's review, Convolve argues—for the first time—that increased damages under Section 284 may be awarded even when infringement is not willful, *see* Pet. 22-24, even though in this case Convolve alleges willful infringement. Relying on Judge Gajarsa's

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[14] Even if, as Convolve now (for the first time) contends, willfulness is not *required* to recover enhanced damages under Section 284, willfulness remains a relevant consideration under Section 284, as Judge Gajarsa noted in his concurrence. *See* Pet. App. 42a ("I am of the judgment that this court should not continue to read a willfulness requirement into section 284, to support the enhancement of damages. That said, willfulness remains a relevant consideration under Section 284.").

concurring opinion, Convolve asserts that this Court's reasoning in *General Motors Corp. v. Devex Corp.*, 461 U.S. 648 (1983) ("*GM*") "'practically dictate[s]' restoring the district court's statutory discretion to award increased damages by overruling the Federal Circuit's willfulness doctrine." Pet 23, *quoting* Pet. App. 338a-34a.

This argument is based on a misreading of *GM*. In *GM*, the issue before this Court was whether the prior common law standard for awarding prejudgment interest in patent law cases was altered by a 1946 amendment to the first paragraph in what is now Section 284.[15] *See* 461 U.S. at 652. At the outset, this Court noted that the issue of "multiplying damages" under the second paragraph of Section 284 was not before the Court. *See id.* at 651 n.3. Thus, *GM* does not "dictate" that enhanced damages under Section 284 be awarded without regard to willfulness.

If anything, the rationale of *GM* supports the Federal Circuit's rule requiring willful infringement to award enhanced damages. In *GM*, this Court held that because the purpose of the first paragraph of Section 284 was to afford patent owners "complete compensation," 461 U.S. at 655, prejudgment interest should "ordinarily be awarded." *Id. See also Monessen S. R. Co. v. Morgan*, 486 U.S. 330, 335 (1988) (citing *GM*) ("Prejudgment interest is normally designed to make the plaintiff whole and is part of the actual damages sought to be recovered."). Significantly for present purposes, this Court in *GM*

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[15] *See* Pet. 2-3 (text of Section 284).

further noted that in appropriate circumstances, as where the patent owner unduly delayed in enforcing the patent or otherwise is at fault, prejudgment interest might be limited or even denied altogether. *Id.* at 656-57.

By contrast, the purpose of awarding "up to three times the amount found or assessed" under the second paragraph of Section 284 is not to *compensate* the patent owner, but rather to *punish* the infringer. *See Seymour v. McCormick*, 57 U.S. 480, 488-489 (1854) (purpose of enhanced damages under statutory predecessor to Section 284 is "vindictive or punitive"). The imposition of punitive damages in any context necessarily requires culpability. *See Molzof v. United States*, 502 U.S. 301, 307 (1992) ("By definition, punitive damages are based upon the degree of the defendant's culpability."). Thus, the Federal Circuit's willfulness rule is entirely consistent with the punitive purpose of the second paragraph of Section 284.

The Federal Circuit's line of cases requiring willfulness to recover enhanced damages under Section 284 agrees rather than conflicts with this Court's decision in *GM*.

II. CONVOLVE HAS NO STANDING TO RAISE THE SECOND QUESTION, WHICH WAS NEVER PRESENTED TO OR ADDRESSED BY THE COURT OF APPEALS, IS NOT RIPE FOR THIS COURT'S DECISION AT THIS INTERLOCUTORY STAGE, AND IS NOT NECESSARY FOR RESOLUTION OF SEAGATE'S MANDAMUS PETITION

Convolve's second question characterizes the Federal Circuit's opinion as fashioning a "categorical rule precluding an entire class of patentees from accruing increased damages based on the infringers' conduct occurring solely after litigation began." Pet. (i). This question does not merit review at this time for several reasons.

a. On the face of the petition, Convolve concedes it is not asserting its own legal rights and interests and thus lacks standing to assert the second question, as Convolve readily admits that the "class of patentees" in question two is "hypothetical." Pet. 24. Convolve further admits it did not represent the interests of such patentees before the Federal Circuit, as its increased-damages claims rest not "*solely* on the infringer's post-filing conduct," Pet. 25, but instead primarily on "misconduct *before* those claims were filed." *Id.* (emphases added). By conceding that it is not injured by the Federal Circuit's purported "categorical rule" involving "hypothetical" patentees, Convolve is not the appropriate patentee to present question two to the Court. *See Arizonans for Official English v. Arizona* 520 U.S. 43, 64-65 (1997) ("The standing Article III

requires must be met by persons seeking appellate review, just as it must be met by persons appearing in courts of first instance . . . The decision to seek review "is not to be placed in the hands of 'concerned bystanders."); *see also Kowalski v. Tesmer*, 543 U.S. 125, 130 (2004) (holding that a party may assert "his own rights and interests" only, not those of others, except under circumstances not relevant here).

b. Because the second question was neither pressed nor passed upon below, it is unworthy of review. *See Williams*, 504 U.S. at 40. Convolve quite correctly notes that the Federal Circuit decision below provided no notice, briefing, or argument on the second question, Pet. 18, 25, but misses the mark in arguing that the Federal Circuit actually decided that question.

The Federal Circuit's decision nowhere "adjudicate[s] the rights of hypothetical patentees" or "eliminat[es] entire classes of patentees from Section 284's increased-damages remedy." Pet. 24, 25. The opinion, instead, discusses pre- and post-complaint conduct—in the context of the limited relevance of trial counsel's communications to willful infringement. In weighing the negligible benefit of extending waiver to trial counsel against the demoralizing effect such an extension would have on the adversarial system, the Federal Circuit considered the probative value of privileged communications. The court concluded that "[b]ecause willful infringement in the main must find its basis in prelitigation conduct, communications of trial counsel have little, if any,

relevance warranting their disclosure, and this further supports generally shielding trial counsel from the waiver stemming from an advice of counsel defense to willfulness." Pet. App. 23a; *see also id.* at 21a-22a.

While "in ordinary circumstances" willfulness hinges on conduct that predates the filing of the complaint, the Federal Circuit recognized that in the atypical case that bases willful infringement on conduct occurring solely during the litigation, the patentee "can move for a preliminary injunction, which generally provides an adequate remedy for combating post-filing willful infringement." Pet. App. 22a. The court recognized that some patentees in this position may be unable to obtain preliminary injunctions even though they demonstrate a likelihood of success on the merits of their infringement claim. In those cases, "whether a willfulness claim based on conduct occurring solely after litigation began is sustainable will depend on the facts of each case." Pet. App. 23a. The Federal Circuit's decision does not articulate a "per se" rule denying district courts discretion to consider claims of willfulness based only on post-filing conduct.

c. Even if Convolve had standing to raise the second question, and even if the Federal Circuit had decided that question, the interlocutory nature of the Federal Circuit's decision would still be an independent basis for this Court to deny review. Because the case is ongoing in the district court, and Seagate has not yet been, and may never be, found to be infringing, the question of *damages* for such

hypothetical infringement need not be addressed by this Court at this time. *See Jacksonville, T. & K.W. Ry. Co.*, 148 U.S. at 384.

III. CONVOLVE'S THIRD QUESTION MISSTATES THE ISSUE ACTUALLY DECIDED BY FEDERAL CIRCUIT, AND THAT INTERLOCUTORY DECISION IS NOT YET RIPE FOR REVIEW

Convolve's third question misreads the Federal Circuit's decision, asserts a non-existent circuit split, and misstates the question actually considered by the Federal Circuit. In any event, the actual issue decided by the Federal Circuit is not yet ripe for this Court's review.

a. Convolve asserts that the Federal Circuit "formulated a 'common approach' permitting *selective* waiver in patent litigation." Pet. 29 (emphasis added). It did no such thing. The Federal Circuit instead analyzed the question of the scope of waiver, consistent with other Circuits, in terms of the *subject matter* of the communications sought. The Federal Circuit never mentioned, much less applied, a "selective waiver" test.

The Federal Circuit's *en banc* "Question 1" addressed the appropriate scope of waiver of the attorney-client privilege resulting from an advice of counsel defense asserted in response to a charge of willful patent infringement. Pet. App. 47a, 48a. The salient question for the Federal Circuit to address, therefore, was the "subject matter" of the

communications made available for discovery by Seagate upon its decision to rely on the advice of counsel defense to Convolve's allegation of willful infringement. *See id.* at 19a.

The Federal Circuit answered this question with reference to "the widely applied standard for determining the scope of a waiver . . . [that is,] the waiver applies to all other communications relating to the *same subject matter*." Pet. App. 19a (*quoting Fort James Corp. v. Solo Cup Corp.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005) (emphasis added)). This "widely applied standard" is one applied consistently by other circuits. *See Fort James,* 412 F.3d at 1349-50, *citing*, *inter alia*, *In re Grand Jury Proceedings*, 78 F.3d 251, 255 (6th Cir. 1996); *In re Cont'l Ill. Sec. Litig.*, 732 F.2d 1302, 1314 n.18 (7th Cir. 1984); *Weil v. Inv./Indicators, Research & Mgmt., Inc.*, 647 F.2d 18, 24 (9th Cir. 1981). The Federal Circuit recognized that "[t]here is no bright line test for determining what constitutes the subject matter of a waiver, rather courts weigh the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties of permitting or prohibiting further disclosures." Pet. App. 19a (*quoting Fort James*, 412 F.3d at 1349-50).[16]

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[16] This is consistent with other circuit courts that have analyzed the question of subject matter waiver. *See, e.g., Bittaker v. Woodford*, 331 F.3d 715, 720 (9th Cir.) (*en banc*), *cert. denied*, 540 U.S. 1013 (2003) ("Because a waiver is required so as to be fair to the opposing side, the rationale only supports a waiver broad enough to serve that purpose. Courts, including ours, that have imposed waivers under the fairness principle have therefore closely tailored the scope of the waiver to the needs of the opposing party in litigating the claim in

In view of the "significantly different functions of trial counsel and opinion counsel," Pet. App. 20a, the Federal Circuit held that the *subject matter* of the waiver was limited to Seagate's communications with its opinion counsel:

> Because of the fundamental difference between these types of legal advice [provided by opinion counsel and trial counsel], this situation does not present the classic 'sword and shield' concerns typically mandating broad subject matter waiver. Therefore, fairness counsels against disclosing trial counsel's communications on an entire subject matter in response to an accused infringer's reliance on opinion counsel's opinion to refute a willfulness allegation.

Id. The Federal Circuit's holding was based, *inter alia*, on the special role of trial counsel and the importance of protecting legal strategy from disclosure to the adversary, *see Hickman*, 329 U.S. at 510-11, as well as the limited relevance of trial counsel communications to the issue of willfulness.

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question."); *In re Lott*, 424 F.3d 446, 453 (6th Cir. 2005) ("Courts must impose a waiver no broader than needed to ensure the fairness of the proceedings before it. A broad waiver would no doubt inhibit the kind of frank attorney-client communications and vigorous investigation of all possible defenses that the attorney-client and work product privileges are designed to promote.").

Thus, the Federal Circuit held, "as a general proposition, that asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel." *Id.* at 23a. The court was cautious to not set out an "absolute rule," but held that trial courts remain free to exercise their discretion in unique circumstances to extend waiver to trial counsel. *Id.*[17]

b. The issue of "selective waiver" asserted by Convolve in its third question is entirely distinct from "subject matter" waiver and was not addressed by the Federal Circuit because it is not at issue in this case. Whereas "subject matter waiver" goes to the *boundaries* of the waiver, "selective waiver" involves whether privilege can be selectively waived as to the same *document or material*. *See, e.g., Permian Corp. v. U.S.*, 665 F.2d 1214, 1221 (D.C. Cir. 1981) (rejecting selective waiver as to particular documents because "the client cannot be permitted to pick and choose among his opponents, waiving the privilege for some and resurrecting the claim of confidentiality to obstruct others, or to invoke the privilege as to communications whose confidentiality he has already compromised for his own benefit"); *see also* 26A Charles Alan Wright & Kenneth W. Graham, *Federal Practice and Procedure: Evidence* § 5731 (1992) (treating subject matter waiver and "limited or selective waiver" as different issues). In

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[17] Applying a similar analysis, the Federal Circuit also did not extend waiver to trial counsel's work product. Pet. App. 24a-27a.

this case, the issue is not whether Seagate can maintain the privilege as to trial counsel after having previously waived it as to another party. Rather, the question in this case is whether the work of Seagate's trial counsel is the same subject matter as the work of Seagate's opinion counsel, which clearly has been waived.

c. Because this case does not involve *selective* waiver, the Federal Circuit's decision below does not conflict with *In re Qwest Commc'ns Int'l, Inc.*, 450 F.3d 1179 (10th Cir.), *cert. denied sub nom.*, 127 S. Ct. 584 (2006). In *Qwest*, a party argued that its production of certain privileged documents in a government investigation did not result in waiver of the privilege for the same documents in separate private litigation. The Tenth Circuit summarized the issue as follows: "Qwest will have waived the attorney-client privilege and work-product protection for the Waiver Documents by disclosing them to the SEC and the DOJ unless this court adopts a selective waiver rule." *Id.* at 1186. Following several other circuits, the Tenth Circuit concluded that the facts before it did not justify adoption of a selective waiver rule. *Id.* at 1201.

Qwest and the Federal Circuit's decision here are thus apples and oranges. Seagate's communications with trial counsel were never the subject of a *previous* waiver, and it follows that Seagate did not request that the Federal Circuit restore the privileged nature of those communications in the underlying litigation with Convolve. Accordingly, and contrary to Convolve's argument, the Federal

Circuit did not "embed[] selective waiver in patent litigation." Pet. at 31.

d. As the Federal Circuit decided an issue of subject matter waiver rather than selective waiver, the proper formulation of the third question presented is the following: "Whether the Federal Circuit correctly determined that in the particular context of the invocation of the advice of opinion counsel defense to a claim of willful patent infringement, the subject-matter of the resulting waiver of the attorney client privilege and work product protection does not extend to trial counsel, absent unique circumstances."

e. Even properly formulated, the third question is not yet ripe for review at this interlocutory stage of the case. The district court proceedings are ongoing and Seagate has not been found to infringe, willfully or otherwise. If Seagate is found not to have infringed, that will moot the issue of enhanced damages and Seagate's advice of counsel defense, and it will never be necessary for this Court to consider the Federal Circuit's decision on subject matter waiver. *Cf. Jacksonville, T. & K.W. Ry. Co.*, 148 U.S. at 384. Thus, this Court should follow its usual practice of denying consideration of interlocutory issues and deny review of the properly formulated third question.

f. Even if the properly formulated third question were ripe for review, there would be no reason for this Court to review it. The Federal Circuit, sitting *en banc*, unanimously agreed that subject matter

waiver stemming from the assertion of the advice of opinion counsel defense does not extend to trial counsel. This holding was supported by virtually the entire organized intellectual property bar, *see* n.5, *supra*, and is consistent with the subject matter waiver test employed by other circuits. Indeed, the only entity to express any disagreement with the Federal Circuit's unanimous holding, and the considered views of the organized intellectual property bar, is Convolve.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be denied.

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